

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES IN POLICY – CANCELLATION AND NONRENEWAL

For a covered "auto" licensed or principally garaged in, or "garage operations" conducted in, Virginia, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

- A.** If you are an individual and a covered "auto" you own is of the private passenger type and not used in your occupation, profession or business, other than farming, and is not used as a public or livery conveyance; and your business shown in the Declarations is not a garage, sales agency, repair shop, service station or public parking place, then the **Cancellation** Common Policy Condition does not apply. The following conditions apply instead:
- 1. Cancellation**
 - a.** You or your attorney-in-fact may cancel the Policy by returning to us or by mailing to us advance written notice of the date cancellation is to take effect.
 - b.** We may cancel this Policy by mailing or delivering to the first Named Insured shown in the Declarations written notice of cancellation at least:
 - (1)** 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2)** 45 days before the effective date of cancellation if we cancel for any other reason.
 - c.** When this Policy is in effect 60 days or more or is a renewal or continuation policy, we may only cancel for one or more of the following reasons:
 - (1)** Nonpayment of premium.
 - (2)** Your driver's license or that of a driver who lives with you or customarily uses the covered "auto" has been suspended or revoked during the policy period or, if the Policy is a renewal, during its policy period or the 90 days immediately preceding the last effective date.
 - (3)** You or your attorney-in-fact has notified us that you have changed your legal residence to a state other than Virginia and your covered "auto" will be principally garaged in your new state.
 - (4)** We replace this Policy with another one providing similar coverages and the same limits for the covered "auto". The replacement policy will take effect when this Policy is cancelled and will end a year after this Policy begins or on this Policy's expiration date, whichever is earlier.
 - d.** Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 - e.** If this Policy is cancelled, you may be entitled to a premium refund. If so, we will send the first Named Insured the refund. However, making or offering to make the refund is not a condition of cancellation. If you or your attorney-in-fact cancels, the refund, if any, will be computed in accordance with the procedure described in Paragraph **C.** of this endorsement.

- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. Nonrenewal

- a. If we decide not to renew or continue this Policy, we will mail the first Named Insured shown in the Declarations notice at least 45 days before the end of the policy period. If the Policy is written for a period of less than one year or without a fixed expiration date, we will have the right not to renew or continue a particular coverage only at the end of any six-month period following its original effective date.
- b. If we or our agent offers to renew or continue this Policy and you or your attorney-in-fact does not accept, this Policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you or your attorney-in-fact has not accepted our offer.

3. Mailing Of Notices

- a. Any notice of cancellation or nonrenewal will be mailed to the first Named Insured's last known address in accordance with Virginia Law. However, we may deliver any notice instead of mailing it.
- b. The notice of cancellation or nonrenewal will state the specific reason(s) for cancellation or nonrenewal, except when a policy is being cancelled or nonrenewed for nonpayment of premium.

B. For all other risks not described in Paragraph A. above:

- 1. Paragraphs 1. and 2. of the **Cancellation** Common Policy Condition are replaced by the following:
 - a. You or your attorney-in-fact may cancel the Policy by mailing or delivering to us advance written notice of the date cancellation is to take effect.

- b. We may cancel the Policy by mailing or delivering to the first Named Insured shown in the Declarations written notice of cancellation, stating the reason(s) for cancellation, at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 45 days before the effective date of cancellation if we cancel for any other reason.

- 2. Paragraph 3. of the **Cancellation** Common Policy Condition does not apply.

- 3. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

- 5. If this Policy is cancelled, you may be entitled to a premium refund. If so, we will send the first Named Insured the refund. However, making or offering to make the refund is not a condition of cancellation. If you or your attorney-in-fact cancels, the refund, if any, will be computed in accordance with the procedure described in Paragraph C. of this endorsement.

- 4. The following conditions are added:

a. Nonrenewal

- (1) We may nonrenew the Policy by mailing or delivering to the first Named Insured shown in the Declarations written notice of nonrenewal, stating the reason for nonrenewal, at least:

- (a) 15 days before the expiration date of the Policy if we nonrenew for nonpayment of premium; or
- (b) 45 days before the expiration date of the Policy if we nonrenew for any other reason.

- (2) If we or our agent offers to renew or continue this Policy and you or your attorney-in-fact does not accept, this Policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you or your attorney-in-fact has not accepted our offer.

b. Mailing Of Notices

Any notice of cancellation or nonrenewal will be mailed to the first Named Insured's last known address in accordance with Virginia Law. However, we may deliver any notice instead of mailing it.

C. The following provisions govern the calculation of return premium for all risks:

1. We will compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

- a.** At our request;
- b.** Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
- c.** And rewritten by us or a member of our company group; or
- d.** After the first year, if it is a prepaid policy written for a term of more than one year.

2. When this Policy is cancelled at your request (except when Paragraph **1.b.**, **1.c.** or **1.d.** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multiyear prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.

3. When this Policy is cancelled at your request and is an auto dealer's policy written on a reporting form basis, we will calculate the return or additional premium as follows:

- a.** Final annual premium will be determined on the basis of the average value reported during the period in which the Policy was in effect.
- b.** Pro rata earned premium will be determined based on the final annual premium for the number of days the Policy was in force, as determined by Paragraph **3.a.**, rounded to the next higher whole dollar.
- c.** Pro rata unearned premium will be determined by subtracting Paragraph **3.b.** from Paragraph **3.a.**
- d.** The short rate surcharge will be determined by multiplying the unearned premium by 10% and rounding to the next higher whole dollar.
- e.** Calculate the short rate earned premium by adding Paragraphs **3.b.** and **3.d.**
- f.** If the short rate earned premium is less than the sum of all payments (including any deposit premium), the difference is the return premium.
- g.** If the short rate earned premium is greater than the sum of all payments (including any deposit premium), the difference is the additional premium due.

However, earned premium will not be less than our policywriting minimum premium.

SPECIMEN ONLY